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SUBJECT: Argentina International Airport: Labor Woes, Overbooking  
Lead to Delays and Passenger Fury

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Reftel: 07 Buenos Aires 2371

**11. (SBU) SUMMARY:** Flight delays and cancellations at Argentina's Ezeiza International Airport in Buenos Aires erupted into chaos on January 12, affecting 4,000-5,000 passengers. The conflict began with Aerolineas Argentinas ground workers and pilots staging slowdowns in the middle of the high summer travel season. Initially, only passengers flying Aerolineas Argentinas' domestic and some international routes (Chile, Spain, Brazil) were affected. Most or all other international flights were not affected until Saturday evening, when frustrated Aerolineas passengers caused disturbances that led to the temporary take-over of the airport's Immigration office, halting all travel. However, at no time was airport or aircraft security compromised. The GOA later imposed order, and most non-Aerolineas Argentinas flights departed with delays. Beyond the immediate causes of the conflict - a labor slowdown to extract higher wages - many observers contend that under-investment, lack of aircraft, and overbooking are the root causes of this latest problem. Aerolineas Argentinas flight delays persisted through January 15, but as of January 16 the situation is largely back to normal. END SUMMARY.

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Labor Unrest Sparks Incident  
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**12. (SBU)** Problems began on January 10 when Aerolineas Argentinas ground personnel initiated a slowdown in an attempt to achieve a monthly salary increase of 1,200 pesos (about USD 390 dollars). (Aerolineas Argentina is Argentina's flag carrier, a chronically strike-prone, inefficient and loss-making airline in which the GoA holds a 5%, soon to be 20%, golden share. It is owned by Spanish travel company Marsans.) Workers noted that other airport workers

had gained such increases (also often via strikes and slowdowns), and claim that their real purchasing power has been severely roded in the face of high inflation. As is local custom, the slowdown was carried out for maximum impact during the height of the summer travel season. Aerolineas Argentinas pilots soon followed with their own slowdown.

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Delays and Angry Passengers  
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¶13. (SBU) During the first two days, affected passengers were largely limited to those flying Aerolineas Argentinas domestic and some international routes (Chile, Spain, Brazil), with about one dozen flights cancelled. Most or all other international flights were not initially affected. But by Friday night, the delays began to build up. By Saturday, the situation became dire, affecting an estimated 4,000 to 5,000 passengers, who were forced to sleep on floors and deal with 90 degree weather, empty cash machines, and no straight answers from Aerolineas attendants.

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Result: Chaos, Passenger Revolt, and Takeover  
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¶14. (SBU) By Saturday afternoon, January 12, passenger rage began to boil over as flight suspensions mounted. Some angry travelers turned their rage on the hapless ticket counter workers (who are usually kept just as much in the dark as the passengers), and began shoving them. At that point, the attendants workers' union (APA), concerned about safety, decided to retire all of its workers, who abandoned their workstations. This walk-off in turn caused even more chaos, as some passengers began destroying and over-running

ticket counters and computers, all while the Airport Security Police (PSA) reportedly did not intervene. All this drew worldwide media attention. However, TSA contacts at Ezeiza report that at no time was airport or aircraft security compromised.

¶15. (SBU) In the late afternoon of January 12, some 50 passengers took over the Immigration area of the airport, temporarily seizing control of all inbound and outbound traffic, including international travel. About two hours later, Minister of Justice and Human Rights Anibal Fernandez arrived on the scene, and after some negotiations, order was gradually restored. Personnel from PSA, the Federal Police, and Gendemaria began to patrol the airport. Flights resumed Sunday morning, January 13. Eventually, most if not all non-Aerolineas Argentinas flights departed, although with delays. On January 14 and 15, the remaining delayed flights departed. As of January 16, most flights were reportedly back to normal, although reports of delays and overbooking persisted, including at Buenos Aires's smaller airport, Aeroparque.

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Who's to Blame?  
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¶16. (SBU) Most observers agree that labor demands for higher wages are inevitable, given the high levels of inflation in Argentina and attendant loss of purchasing power by workers. With actual inflation widely reported to be over twice the official rate of about 8.5%, most workers and unions are demanding nominal salary increases of over 20% just to keep up with inflation.

¶17. (SBU) However, beyond the issue of wages, there are other factors that help to explain this latest conflict. Ground handling and pilot unions, as well as many private sector analysts, cite Aerolineas Argentinas' overall under-investment, its "consistent practice of overbooking amid increasing tourism," as well as its limited transport capacity due to inadequate investment in maintenance of the fleet. One Embassy contact actually downplayed the union angle. He cited as the main causes overbooking and lack of available aircraft (as a result of Aerolineas' poor financial state and subsequent grounding of much of its fleet due to a lack of spares).

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Comment: Bad Omen for the Social Pact?

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¶8. (SBU) A potential unintended casualty of the airport unrest is the "Social Pact" idea that President Cristina Fernandez de Kirchner advanced during her 2007 campaign for the presidency. She previewed the plan as a central plank of her administration's economic policy program, promising to organize trilateral government, industry, and labor negotiations to address rising inflation, restrain wage demands, and provide a stable platform for needed new investment. Aerolineas Argentina was rumored to be the test case for such trilateral negotiations, but the latest fiasco demonstrates the volatility of Argentina's labor situation and the difficulty the GoA will have in getting labor and companies to reach reasonable compromises on wages and prices.

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